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must be seen as being grossly ine-
proven as being grossly ine-
table cost in order to be seen to be fair. So anybody
paying, my God, it's taken six months to staff a position:
ice you pay for being government.

icism and contempt which managers accord constraints
ing from central agencies and staff groups is a measure of the
ar lack of insight into human nature with which such systems are
g developed and imposed. Such constraints might be likened to a
of aircraft controls that have been designed without a human pilot
mind. They require three feet and a set of eyes at the back of the
head. When the human pilot is unable to fly the thing successfully, he
is said to have serious weaknesses. If he continues to have difficulty,
it is said that his weaknesses are persistent and that more stringent
scrutiny and control structures are required.

Since one is the urge to tell others...
business for them, we are with
mandates, a phenomenon in which organ-
and limited function gradually extend their author-
that properly belong to others. One type consists of the in-
central agencies with narrow mandates and professional skills to drop
themselves with the mantle of experts in public administration. Instead
of having one camel in his tent, namely the Treasury Board Secretariat,
the Deputy of a department now has to live with three or four camels.
There is very little room left in the managerial tent for its principal
occupant.

...Most of the managers in the public service are managing very
competently. I realize that that kind of statement is meaningless,
because it depends on the kind of criteria you use for your judgement.

QUOTES

SENIOR EXECUTIVES TALK ABOUT MANAGEMENT IN THE PUBLIC SERVICE

Otto Brodtrick and Richard Paton

and my first reaction is
guidelines instead of

hand if you view it from the central agency standpoint and you see all
the irresponsible crap that is rampant in the submissions you would ask
why it is not a good idea to strictly regulate them and take their latitude
away because they cannot be trusted to discharge it responsibly. I
mean all of these viewpoints exist and all of them have merit some of
the time. So therefore unless you know all of them in the way in which
they occur globally and collectively, you can't assess the legitimacy of
the damned thing.

Part of this tremendous bureaucratic overlay of attempts to achieve
degrees of uniformity and control is that if you were to allow total
leeway you'd probably get tremendous variations and very likely God
awful political troubles for the government because you just don't have
any ready way for achieving discipline.

The benefits of regulations are said to be that they prevent waste and
abuse. Yet whatever they prevent may be outweighed by what they
allow political troubles for the government because you just don't have
any ready way for achieving discipline.

The manager is expected to be grateful to his staff
helping to untangle the maze of regulations that m-
before something can be done. Yet the staff spe-
helped create the maze in the first place.

There is a tendency in government to put on
that is the nature of the beast. I don't think
where a manager has got his hands totally
over-react to those things and put too m-
like we don't have enough flexibility or
that is cumbersome. That's where tra-
ment becomes critically important.
lot of our managers is that they have
for that kind of environment. We
comfortable ... in being able to o-
managerial training becomes ex-

We've got to do a whole lot of
first I would look at this pro-
adds up to frustration on t-
asked what do you want
then you get all this arg-
unproductive and it's b-



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D.G. HARTLE

17
QUOTES

Senior Executives talk about Management in the Public Service

Feedback to Interviewees

17
Otto Brodtrick and Richard Paton

FOR DISCUSSION PURPOSES ONLY



Office of the Auditor General of Canada
Ottawa, Canada K1A 0G6
December 1982

FOR DISCUSSION PURPOSES ONLY

Preface

In 1978, the Auditor General wondered about persistent "managerial weaknesses" he perceived in the public service. In his 1980 Report, he reiterated the concern. In 1981 he authorized a survey to explore the question.

We conducted close to one hundred individual interviews which resulted in about a million words. QUOTES is a selection of comments Senior Executives made to us. It provides a striking insight into the views they have about many aspects of the public service, particularly the difficulty of dealing with constraints to management.

We express our appreciation to them. We do so for their frankness, and even more for the trust they extended to us in accepting our promise to respect their confidence.

Otto Brodtrick

Richard Paton

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In 1972, the Auditor General reported that the Government of Canada had not yet established a system of internal control. In 1973, the Auditor General reported that the Government of Canada had not yet established a system of internal control.

The Government of Canada has established a system of internal control. The system is based on the principle of accountability. The system is based on the principle of accountability. The system is based on the principle of accountability.

The system of internal control is based on the principle of accountability. The system is based on the principle of accountability. The system is based on the principle of accountability.

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QUESTIONS

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What are the research ethical considerations of this study?

BACKGROUND AND APPROACH OF THE SURVEY

The survey of Constraints to Management in the Canadian Public Service was initiated to increase the understanding by the Auditor General and his staff of the management environment in the federal public service of Canada. The 1978 and 1980 Reports by the Auditor General noted "serious managerial weaknesses" with respect to managing resources effectively within the constraints imposed both by government policies and by external operating environments. The 1980 Report expressed concern about motivation and about the lack of incentives to manage effectively. It indicated that there is a need for a good understanding of the underlying causes of the deficiencies. It further stated that there needs to be the desire, the commitment and the will to create an environment in which public service managers can achieve value for money to the extent possible. While the initial purpose of this project is one of understanding, its ultimate aim is therefore one of action: to foster the creation of an environment that is supportive of managers in achieving the economic, efficient and effective management of public funds and resources.

Scope

The project was a small, low profile effort, comprising a part-time staff of two people (Otto Brodtrick and Richard Paton). It consisted of three parts:

1. A review and documented summary of management reform in the public service over the last twenty years, i.e., from Glassco to Lambert and beyond.
2. A review of the academic literature on management, particularly in the public sector. This included personal discussions with some of the key researchers and writers on the subject at McGill, MIT and Harvard Universities.

3. Interviews with practitioners and observers of management in the federal public service. The bulk of our time has been spent on this activity, as very little has been researched and written about public sector management in Canada.

Approaching Interviewees

It was important to us that interviewees should talk candidly about the topics that were of greatest concern to them. We therefore drafted the following letter as an introduction to interviewees:

In his 1980 Report, the Auditor General asked: "Why do serious managerial weaknesses persist, even after years of conscientious efforts to overcome them?" The Auditor General indicated that the area of concern was "the ability of public service management to ... manage resources effectively within the constraints that exist ..." He suggested that the best management systems and controls will not overcome the fundamental problems unless and until a different environment for public service managers is created.

We are seeking an answer to the question: What are the factors that constrain public service managers in their task of achieving value for money? Or, in other words: What causes might there be that work against "achieving the economic, efficient and effective management of public funds and resources?" Public service managers are as intelligent, as educated and as motivated as any comparable group of managers. What is it, then, that seems to cause them to manage resources apparently less effectively than some expect?

In trying to find an answer, we are seeking to capture the richness of as many different viewpoints as possible, reflecting individual perceptions, experiences and insights. We treasure your views on this topic and appreciate your willingness to share them with us. We are able to give you assurance of absolute confidentiality of your remarks.

It would help greatly if you would review the viewpoint below and be ready to talk about it at the interview. We hope to use it as the entry point for our discussion and build on it to explore further aspects of the question before us.

Thank you in advance for your contribution.

Viewpoint

We are seeking your viewpoint on the following four questions. It is not a matter of answering "right", but of giving a personal view based on your own background, your insights and your experience in the public service and elsewhere.

1. Your view of the problem.
2. A strategy for solving it.
3. A scenario for proposed action.
4. In view of what you stated above, would you change the way in which the Auditor General audits and reports?

The Interviews

We conducted close to one hundred individual interviews comprising the following groups:

1. Thirty interviews inside the Office of the Auditor General.
2. Ten interviews with academics (researchers and writers) in the U.S. and Canada.
3. Eight interviews with senior people in the private sector.
4. Fifty interviews with Senior Executives in the federal public service, including fifteen Deputy Ministers and fifteen ADMs.

The reaction to the interviews was consistently positive. There was no problem in getting even the Deputy Ministers to agree to see us and to talk freely. Most interviewees were pleased that the Auditor General is doing this survey, and many urged and encouraged us to publish the results. They expressed the view that a series of public discussion papers -- on which people could react and comment -- would probably be more useful than a single official report. Virtually all the interviewees agreed to be interviewed again to discuss some of the specific

problems and constraints that were raised in order to explore approaches to possible solutions.

From the reactions to our interviews we conclude that public service Senior Executives share two attitudes: that we need a better appreciation and understanding of the difficulties of managing in the public service; and that there would be genuine support from managers for any effort that is trying in a constructive way to overcome some of these difficulties.

Reporting

In carrying out these interviews we were able to bring together a great number of insights and ideas concerning management in the public service. In order to share the ideas of Senior Executives in as "raw" a form as possible to illustrate the diversity of opinion that exists, we have drafted this report.

As "authors" of this document, we are fully aware of the methodological limitations of using interviews to determine management problems in the federal public service. We are also aware of the difficulties of relying on statements as opposed to directly observable data to draw conclusions about how the federal public service is or is not working. This type of survey does however provide many insights into what Senior Executives are thinking and what concerns them. Perhaps the most important result of the survey is that we found a very wide range of perceptions of what the "problems" are, and a virtually infinite number of approaches to dealing them. Our challenge in reporting was of course: how can we make this mass of brute quotes in some way intelligible? What should be the organizing principle? We chose to select the most representative quotes from the million words we collected and to present them in categories, each one preceded by a brief introduction and summary. We believe that the less we say at this stage, and the more we let the Executives speak, the greater the chance to generate thought and discussion on the subject.

Tentative Interpretation

The diversity and complexity of views we encountered indicates that the public service is not facing a single, simple problem. Senior Executives did not advocate one all-encompassing cure. Nor did they advocate a simplistic solution of the kind that begins with the words, "All you have to do ...". Yet, even though there may not be instant remedies, Executives pointed out that there are directions well worth exploring. They said that one might hope to come to terms with some specific problems, with perverse incentives for example, with the need for further management development or with the impact of over-regulation on management. What seems important is the need to carefully weigh the merits of proposed solutions, to analyse potential adverse effects as well as desirable ones before implementing "quick fixes" that may placate critics -- but will perhaps create long-term difficulties. One Senior Executive put it this way: "In management, safety is in thought and understanding, not in numbers.

I. "WHY DO SERIOUS MANAGERIAL WEAKNESSES PERSIST EVEN AFTER YEARS OF CONSCIENTIOUS EFFORTS TO OVERCOME THEM?"
WHAT ARE MANAGERIAL WEAKNESSES?

Few Senior Executives were comfortable with this question. Many felt that it portrayed managers in the public service as being less competent than they are. They argued that managers in the federal public service as a group are as motivated and as professional as those in the private sector, and that they compare favourably to those in other countries such as the U.S. and UK. There were also difficulties with the definition of what is a managerial weakness. Is it something specific in the manager, or is it in the environment in which managers are working? The question "what is a managerial weakness?" and its corollary "what is a weak manager?" invariably led to a discussion of "what is a good manager?" Although Executives did not agree on a definition of what is a good manager, they did agree that management performance could be improved. At the same time, not one person interviewed accepted that the Canadian federal public service is faced with serious managerial weaknesses when compared to public services elsewhere or to the private sector.

Quote: I'm not certain that I can accept that serious managerial weaknesses persist as a generalization in the public service anymore than they exist anywhere in the private sector, in the church or any kind of organization.

Quote: I don't really accept the earth shattering nature of this observation to start with ...what are the standards against which a manager should be judged?

Quote: People in the public service represent a cross-section of the population. Even if you wanted deliberately to pick out 300,000 people that are particularly unmotivated or incompetent, you couldn't do it. Therefore, people in the public service are no different than the general population. They are as a group just as stupid and as brilliant as everybody else.

- Quote: My first reaction to that is that the question was not asked properly. What are called managerial weaknesses will persist, because the way we define managerial efficiency is always improving.
- Quote: Most of the managers in the public service are managing very competently. I realize that that kind of statement is meaningless, because it depends on the kind of criteria you use for your judgement. It also depends on how much you take into account the constraints that hinder the manager in his achievement.
- Quote: The government is a massive, complex, logistically terribly difficult operation and even if there were none of these screwball policies and conditions and circumstances peculiar to the public sector, it would be difficult to manage. So, you take the biggest and most difficult operation, you put it into a socio-political environment which could not be deliberately made worse from the standpoint of managerial effectiveness, you add a mixture of adversarial relationships and resentments and then you wonder why... some cost accounting system doesn't seem to result in any lasting benefit.
- Quote: If you show me any manager or chief executive who thinks he doesn't have management weaknesses, I'll show you an incompetent manager. I think there's a great danger of overstating weaknesses. There's also a great danger of overstating constraints on managers.
- Quote: If you're saying that the Auditor General thinks that management in the public service is not up to the same qualities as the private sector then that is total utter bullshit. I can take an array from my experience in both public and private sector and show you cases where there is good management and bad management in both areas. I don't think that the distinction between public and private is that important in terms of good management. I sit on a number of boards and companies that operate in the private sector and I can tell when a company or department is managed well.

Quote: Why have we been trying all these years and seem to have failed? We haven't really failed. We failed in implementing private sector techniques. What we have done is adapt the private sector techniques. We have adapted them to our realities. Therefore by definition we have failed to implement them. But it is not clear at all to me that the Public Service of Canada is not better administered now than it was previous to Glassco. Pre - Glassco techniques couldn't conceivably survive the problems we have today. They would have broken down. So, clearly what has happened over the past twenty years has allowed the public service to function.

Quote: I meet a lot of people from other countries and when I describe to them the organization of the PEMS (Program Expenditure Management System) they cannot believe that we are that far advanced. They cannot comprehend how we ever got the political machine to agree to the kinds of controls and processes we have. In relation to other public services of the world our PEMS is simply years ahead.

Quote: In the Treasury Board of the early seventies you couldn't trust any number. The "old days" were simply awful. I can pick up the phone now and I can find out practically any damned number that I would ever need. What my person-year consumption is, what my remaining dollars are, or whatever. That wasn't there in 1970 -- not at all. I am not one of those who says it is worse. I am one who says: It's more complex. I think the control systems, be they person-years, be they dollars or be they administrative practices are effective. They are not efficient, but they are effective.

Quote: I think that the systems we have, which are in fact a bastardization of private sector systems, are pretty good. And there have been inventions. The PEMS is an invention in the sense that it doesn't exist in the private sector. But it is complex, it is very complex. I don't know that it is excessively rigid given the public demand and necessity

for general rules and the necessity for re-election. Everybody says it is complex and it is complex, but it isn't overly complex.

Quote: When the Auditor General audits a department or agency, he sets up or tries to set up in advance certain criteria. But they are set up actually on a least cost basis. He does not take into account the social objectives which are always there. We have then the situation where management pursues largely social objectives while the auditor measures against least cost objectives. The result is necessarily a discrepancy which is then called a managerial weakness.

II. WHAT ARE THE UNDERLYING CAUSES OF MANAGEMENT PROBLEMS IN THE PUBLIC SERVICE?

Senior Executives identified many different causes including: the political characteristics of public service management; diffused accountability and responsibility; inadequate rewards and incentives for economic and efficient management; unsatisfactory management training and development; growing complexities and constraints in the public service; and mandatory systems requirements that sometimes appear unsuitable for management purposes. Other possible causes were also mentioned such as the size of the public service and federal departments, the lack of continuity in political and executive leadership, and the constant unsettling process of reform (PPB, MBO, OPMS, PEMS). Most Executives felt that we had advanced far enough or too far with management systems and that further management improvements depended on changes in the incentive or reward system, a reduction of the constraints faced by managers, and the further development and training of managers.

A. Political Nature of Public Service Management

Many Senior Executives, particularly at the Deputy and ADM levels, pointed out that good government is not the same as good management. They said that their role was to provide appropriate information to Ministers, but that Ministers' decisions were often not concerned with economy, efficiency or even effectiveness. Several examples were provided which illustrate the influence of political objectives on management: government decentralization; decisions to merge or re-organize departments without layoffs; changes in location of employees. Even decisions as basic as the construction of a ferry boat were subject to political questions or interests. In each case economy and efficiency questions were clearly subordinate to the political process. There was recognition that this may be the way it has to be. But there was also resentment that management is being blamed for "weaknesses" that clearly have political roots.

Quote: Good government is not necessarily good management.

Quote: Politicians are not managers in any true sense of the word. They are in that respect quite unlike the presidents or chief executive officers of private corporations.

Quote: The answer is I suspect that many politicians are really not too interested in the bottom line in terms of actual cost-benefit. Because often in politics it's not what is done but the fact that something is done. It has really not much to do with efficiency. It has to do with power. In efficiency terms, perhaps the measure to take is the efficiency with which a particular party has remained in power and I would say that the Government of Canada is as efficient as hell. The people in Canada voting Liberal got value for money.

Quote: What counts for Parliamentarians... for politicians is... the announcement of a new program. These announcements are what the Minister is recognized for. No one is really interested to know if the program is efficient or effective.

Quote: One of the purposes of government is necessarily to have a low level of unemployment, to deal with a group that is facing difficult problems. The manager has got to meet the needs and priorities of government in that particular area and sometimes you just cannot blend this with good private sector management practices. I think it's very difficult to compare and I think that you have to look at the public sector manager in the context that he's working in.

Quote: Government does not exist to operate on a good management basis, it exists to give goods and services to people and there is not necessarily a relationship.

Quote: The Auditor General really identified the wrong problem. The real problem has to do with the iron triangle... between politicians, bureaucrats and the public. It is basically a political process where

each of the three parties acts in concert with the other two in order to sustain funding and never reduce or eliminate a government program.

B. Diffused Accountability and Responsibility

Most Senior Executives identified this as a cause of problems in the federal public service. The consensus was that despite the recommendations of the Lambert Commission and the continual discussion of accountability by agencies such as the Comptroller General and the Auditor General, accountability is less clear than it was fifteen years ago, particularly as a result of the increased number of central agencies. The Program Expenditure Management System and the numerous government-wide objectives that have been added to the manager's responsibility such as official languages, equal opportunities etc, have confused accountability. Many Executives felt that this has eroded the authority and responsibility of managers and made it much more difficult to measure their performance.

Quote: An operation works best when it has a single, clear, unmistakeable objective which everybody understands and towards which you can harness and gear all activities. But most government departments have multiple objectives and they overlap each other. And in addition to those operational or mandate situations all of them must attain peripheral objectives which have nothing to do with their mandate.

Quote: If you don't have the authority or the resources obviously you can't be expected to perform. As the number of regulations have gone up, they are providing more and more defences for the inefficient managers. Under the old system with minimum regulations, accountability was clearer and a manager really had no defence. The system is so unspecific in its goals and its processes that responsibility and accountability are not really identified.

Quote: The Deputy is not in control of the matter. It is the central agencies. In the administrative and financial area, deputies have no more than a

facade of authority behind which lies the realities of what has remained a centralized system in spite of the acceptance of the general maxim "let the manager's manage".

Quote: I would say that we have put in place enough emphasis on the accountability of managers, but we haven't put the rules in such a way as to allow any exercise of judgement which in turn will provide you with an ability to perform and a basis to judge performance.

Quote: The feeling I have is that individual Deputy Ministers and individual Ministers cannot feel as accountable as they did in the 60s because they no longer have the ability to influence materially the final decisions.

Quote: There are the rules of the Public Service Commission, there are the rules of the Comptroller General, the Treasury Board and the semi-central agencies. As a result an individual even at a high managerial level is caught in a system that doesn't allow him the exercise of much initiative. As a result his accountability becomes limited.

Quote: It goes further than constraints, it's diffused responsibility. If I am going to buy a new aircraft -- we naturally want the aircraft to be capable to fly -- Supply and Services will want to have the best contract in the world regardless of what the aircraft will do; Industry, Trade and Commerce will want the best trade offsets; Science and Technology will want to have the best science; External Affairs will want to make sure we satisfy our allies; Finance will be concerned if it creates foreign exchange problems. The Treasury Board is going to be second guessing us on the contract and the Privy Council Office is going to get involved. Everyone of these officials has quasi-veto power. When you are getting your guidance as to what you are supposed to do, you get it from the Privy Council Office, from the Treasury Board Secretariat, from the Public Services Commission, from Cabinet and from your Minister. There is no coherence in

direction. In fact, there is just more conflict and finally there are no criteria that you can use to make the judgement.

Quote: The result of a complicated management system is that you're getting leaners -- people who lean on external systems rather than develop their own sense of accountability.

C. Inadequate Rewards and Incentives for Economic and Efficient Management

Most Senior Executives said there are little if any rewards and incentives that encourage economy and efficiency considerations in management. Some argued that this is inevitable because government is not primarily preoccupied with these least cost questions. Others claimed that there is considerable room for improvement within the existing system if an environment were established in the public service that would recognize managers who are concerned with value for money.

Quote: Throughout the public service the experience of the efficient and effective manager is that he is being penalized. The very fact that he has good plans and good measurement systems and evaluation systems means that information will be used by central agencies and other critics to mount a strong criticism of his performance.

Quote: In the Government of Canada, whether you are a good manager or a bad manager -- you never get any recognition. Once in a while you may get a promotion, but there is not enough motivation to be a good manager.

Quote: There is no reward nor even recognition for least cost management or for value for money management because any monies or any funds that are being saved must be returned to source... the good manager is affected by cut-backs just as much as the inefficient manager.

- Quote: Not infrequently, the manager sees the government announce 200 million worth of subsidies or grants or programs for a purpose that is widely known to be absolutely futile and unjustified. Here he is being asked to cut down on his resources by a few hundred thousand dollars while on the other hand the government is wasting literally hundreds of millions of dollars. The effect on motivation is severe. People either give up in disgust or they become completely cynical. A common reaction is: "Why should I stick around? It's four o'clock. I'm going home!"
- Quote: The fact is that more emphasis has been placed on policy considerations and indeed on growth and expansion than on frugality. The facts show that the rewards were going to those who gave their time to developing imaginative policies and programs. And where the real rewards go, effort will follow.
- Quote: If, then, adequate incentives to careful administrative practices are lacking, and if one knows one is working in an environment where you cannot hire, fire or demote and you are required to follow centrally decided standards it is small wonder that Deputies are inclined to pay more attention to policy and program matters and perhaps less than they should to administrative and financial questions.
- Quote: Motivation is endemic to the environment in which one works. Management behaviour is determined by those things in the environment that motivate the individual manager. On the basis of my casting around ...I can find no incentive for the manager to be efficient. I can find lots on the other side, I can find many incentives leading the manager of the public service not to be efficient.
- Quote: If you tell a manager often enough that he is a bad manager and you accuse him of being a bad manager consistently, after a while he will actually believe you and behave accordingly.

Quote: I am asked to give a lecture on the roles of the Deputy Minister and to me there are three roles: There's the management and administration role; there is the policy advice and ministerial assistance role; there's the representational role. The management role is running the Department -- looking after the whole mandate. That to me is the most demanding, it's the most difficult, it takes most of the DM's time, and yet within the public service it's the one that's given the least recognition.

Quote: On the topic of reverse incentives that discourage risk taking. The government tends to reward compliance with regulations rather than the taking of risks. The environment in general will not reward risk taking, but it is not true that those who get the top are not risk takers. The guys who are very careful will get to the EX category, EX1 or EX2, but they will not be able to get further in most Departments. Because most departments have to adapt continually to changing policies and only the guys who can do that are the ones who are able to adapt and to take risks. In fact they will go to EX4 or EX5 with this additional quality. The ability to satisfy the requirements of the system will get you to the top of middle management, but to get further you have to have the ability to re-think the whole system.

Quote: People are building camps and people are taking sides. They spend part of their energy protecting their own territory and part to grab at that of others. There is not much left to do the job or to look after their people. There isn't any real management, or commitment to the purposes of the organization.

Quote: The senior people in the public service who are not managers are professionals. The managerial capacity is fundamentally drawn from the professionals, and most of those in the professions do not see any rewards, any protection and benefits comparable to those they are going to lose by withdrawing from their profession.

D. Management Selection, Training, and Development is Unsatisfactory

Senior Executives believed that further improvements in management performance could not be brought about by more systems of scrutiny and control. They argued that progress depended no longer on systems, but on the quality of managers themselves. They said that although the federal public service had good managers and very bright people, they were concerned that management development was not keeping pace with the growing complexity of government. When compared to the private sector, they noted, the public service was lagging in the development of managers, in career planning and in management assessment. Some Senior Executives pointed out that our traditional management training programs had largely neglected the single most important aspect of management: the management of people. Scant attention had been paid to the motivation and ability to understand people and to work with them productively. The government had not yet realized what had been accepted by the best private sector management schools: that skills in managing people must form the core of any management training and development program.

Quote: It's really the management of people because that is what has to be managed and changed and we're not trained very well to do it -- manage people. We're taught to manage projects and tasks -- everything but people.

Quote: Question: Are we getting to the point, then, where we are only training and developing what we call administrators or rule followers?
Answer: You're not getting to the point, you've been there for decades.

Quote: We have just completely shitty training for public officials in this country. There lies some part of the answer. Every business firm develops managers. That's where the potential similarity between the public and private sectors is not exploited. We should be devoting some of our resources, our organizations' resources, to personnel -- to

the development and training of managers -- not just to the teaching of technical skills.

Quote: So not only training courses, but rotation and movement around and so forth, to me there just isn't enough of it being done and people go too much on one stream or the other and they end up at very senior levels and then we see the consequences. Even the Crown corporations with which I'm familiar, like Canadian National Railways and Air Canada, have management development programs that get people exposed to all kinds of activities.

Quote: Somehow the Treasury Board, that is the employer, does not regard itself as the corporate manager... I think that there should be more leadership coming from somewhere in the Centre.

Quote: I sit on some of our more key personnel boards, the process by which we appoint our executives and unappoint our executives. The process is deficient -- it's critically deficient.

Quote: I suggest that you go back and look at the deputy ministers that have been selected over the past ten, fifteen years. And how many of them ever managed any things of consequence before they were put in there.

Quote: Well, of course -- don't get me started on the subject of the training of managers because we do a terrible job. We have not done a job at all. I'm hopeful of what is going to happen at Touraine.

Quote: I have always been a strong proponent of preparing our people well from a management point of view. They have to be trained, they have to be moved around, they have to be exposed to a number of things. Because in the final analysis it is not going to be the system that's going to be the overriding factor, it's how the individual will react in a

particular situation and with the pressures that are going to be imposed upon him by his Minister.

Quote: Now I think we are seeing in recent years a very disturbing move to make more of the senior appointments -- not just at the deputy level -- really political appointments and they depend on standing with the government in power. And I am very sceptical that this has been a wise thing. I'm not sure at all that this isn't one of the factors that is making it difficult to get the service to take the kind of pride and efficiency that we think it should be taking. Politics is not very frequently interested in efficiency.

Quote: I think that you had a situation ten years ago where a deputy minister had been twenty years with the department and you just couldn't penetrate it. You could not get it to change to fit the needs and priorities of the government. We are in the federal public service and I am in favour of moving Deputies around. It provides you with a list of people that are ready to move and have general management skills. They know the environment in this town. They know the needs of the government, the politicians, the Cabinet. They know the central agencies and, in managing different situations, they bring fresh ideas. I don't think that is negative.

Quote: I think we need to train a cadre of senior managers that can virtually go into almost any kind of situation, including External Affairs.

Quote: A senior manager at the ADM level must certainly have had exposure to the central agency system. I mean it's one of the most important fundamentals of the public service. Central agencies are very strong, they do all kinds of things. He must know exceedingly well the whole public service personnel management system and feel comfortable with it. Many people don't know about the Public Service Employment Act, yet it's the cornerstone of being able to get the right kind of people.

Quote: A recent survey illustrates that deputies are concerned whether there are sufficient competent managers beneath them to replace them. We have many bright people in the public service, but we have not been able to develop general managers. We now have too many specialists in the senior ranks that cannot easily be senior managers. The Public Service Commission should be doing this job, but it isn't -- partly because it is caught up in the merit principle.

Quote: In a well managed operation the chief executive officer has a list of potential managers. I see no constraint to my doing good career planning within my Department. With the new system I am not constrained by levels. I can rotate people much more freely. But as far as the broader level of government is concerned at the Public Service Commission level, if they were operating on a cost-recovery basis I would pay them exactly zero.

Quote: I have done it (dismissed people) by introducing rigorous and fair performance evaluation. One can organize oneself to demote or replace people that need to be changed. I've never had a grievance, but it is absolutely unacceptable if a manager tells me that his employee is a poor performer and the employee thinks that the manager thinks he is a good performer.

Quote: Coaching is the most important way of career development in the public service. It's related to the direct responsibilities. You're looking at the real thing on a day-to-day basis. You can deal with mistakes in the context of day-to-day program realities. The proper use of appraisal systems can help with coaching functions because they can help to point out strengths and weaknesses.

Quote: One of the reasons why the policy types are rising to the top is that the government is becoming increasingly discriminating and selective. As a result, large cases such as Chrysler are considered on their own merits rather than according to standard criteria. Because of the

emphasis on policy and selectivity, management tends to come in third. If you are going to have these policy people going up then you should make some deliberate efforts to get them exposed to management.

Quote: Now in the public sector one major problem is that you cannot control succession. The fact is, training people to replace you or to succeed you when you haven't got control of succession is a real problem. All you can do is train classes of people and hope that the class will have sufficient qualities to be able to succeed at the next higher level.

Quote: I believe that managers must be developed in a constant, steady manner -- rather than send them off on a course every one or two years and in the meantime just leave them on their own without any coaching. Private companies seem to be organized in this respect far better than the public sector.

E. Increased Complexity and Constraints in the Federal Government

There was widespread concern by Senior Executives about the degree of complexity and constraints faced by managers in the public service. But there were considerable differences in opinion as to whether the constraints are greater than in the 1960s and whether they are resulting in managerial difficulties. A distinct difference was noted between the DM level and the ADM or DG level. Only about half of the DMs thought that constraints were a major problem. They regarded them more as a burden which could be overcome. The remaining DMs, ADMs and DGs tended to be very critical of the environment in which they worked and often felt that they had very limited authority to make the necessary resource, people or financial decisions to ensure a well managed operation.

Quote: My judgement is that we have too many rules. I agree by the way that you do need rules. I also agree that you do need good people. The question is to determine where the grey area should be. On this, my judgement is that at present in Canada we have too many rules. We

have erred on the side of being too inflexible and having too many regulations. We are over-regulated. When the Glassco Commission said "Let the managers manage" they have not really been listened to. Because of this over-regulation, our final output is reduced, it is less than it could be. There is not enough discretion for the judgement of managers.

Quote: It is my opinion that the cost of reduced productivity due to over-regulation is at present much greater than the cost of mistakes that would indeed be made if you had fewer regulations and more managerial discretion.

Quote: I think that the first cause is because the machine is too big. The second cause is the complexity of the system and they all flow from one another. Because it's too big, the systems become complicated. You just have to take the system of personnel and the financial system as examples. So, because of that you have to rely on specialists instead of managers.

Quote: After all when you look at a manager, his functions are managing money, managing people, managing programs, managing information, establishing systems and then establishing controls to meet your objectives -- that's managing. In financial management managers have to rely on advice. Also they don't understand personnel management. They have to rely on advice because of the complexity. Look at Transport, look at Industry, Trade and Commerce, the Departments are so complicated. They cannot be managed.

Quote: I have been in the public service ten years and it was really complex ten years ago. It started after Glassco. Before Glassco you had the Department of Finance, Privy Council Office and the Civil Service Commission and the Comptroller of the Treasury. Before Glassco I think they were managing more, they had more authority and less constraints than they do now.

Quote: The trouble is that I think it's gone too far. I think we've got to a point where there are so many overlays and duplications, accompanied by a number of gaps, that the system is sort of riddled with inefficiency. You know, in trying to make it work you have got interdepartmental committees coming out of your ears and there are just too many angles to cover.

Quote: I say that Deputies can do anything. I've seen deputies get the grade and the person they want just by fiat. But look at the petroleum engineer. He's got to deal with rules and regulations. The deputies don't really know about these constraints because they don't have them themselves. You've got to get to the middle manager, that is where the grumbles are. If anybody ever told a deputy you have to staff by having a list of questions and writing out the answers, he would go crazy seeing that kind of process. The deputies can live with the constraints quite easily because they have a separate system.

Quote: If you happen to have effectiveness in your heart you're going to feel badly if things aren't working well. Don't wait for some evaluation or auditor to come along. You have to have a time conscience. You feel bad if things aren't fast or speedy. And you got to have a frugality conscience. That is a far more important factor in efficiency than the external kinds of processes and controls that are aimed at keeping you on your toes.

Quote: The effective discharge of management responsibilities depends very much on the total climate within which managers must function. One wonders if managers can get on with their essential role, which is to manage the effective and efficient delivery of services to citizens through their employees, if their flexibility to manage is restricted and if the myriad of complex government procedures and regulations is not modified to reflect the practical aspects of delivery of services. The Advisory Group feels that some co-ordinated thought should be given to the environment within which managers direct programs and

staff. (Report of the Advisory Group on Executive Compensation 1982)

F. Systems Requirements that Appear Unsuitable for Management Purposes

Executives claimed that one of their difficulties is to relate to mandatory systems that appear unsuitable and at times even unrelated to the task at hand. They said these systems are mainly in the areas of finance, personnel, planning and evaluation. They also said these systems are sometimes an unnecessary burden on management.

Quote: Now hopefully if we have the right kind of systems in place we would be finding efficiency or savings that would produce money for the programs. But to my knowledge we haven't had any significant examples of where we've put in systems where we could credit significant savings back to those systems and prove to the Executive Committee or the Deputy Minister that he's getting a pay-off from all of this.

Quote: I think the fundamental point is that public administration certainly in North America, in the U.S. and Canada, is tied to an appropriation structure that is too functional, too monopolistic and too unresponsive. Now admittedly they've imported private sector management techniques ... that's what happened out of Glassco and Lambert. But that always took the form of functional systems. These functional systems have produced more professional people, but they also have produced a lot more cost and a lot more overhead and dead weight.

Quote: And I think that you can try to produce all the systems you want as a functional head either in planning or finance or management information systems or whatever. If management doesn't want this information your chance of success in the long run is minimal because there has to be an audience, there has to be interaction in order to

maintain momentum and quality of every system. You just can't have something come up and end up on the manager's lap. Ten years from now there will be another Royal Commission or there'll be another Auditor General that's raising hell again because it's not going to work. I can tell you it's not going to work.

Quote: Everybody who has any position to influence management in government does it by preaching better processes and not better results. If you read directives and guidelines from Treasury Board, and the Auditor General Reports, they all address the processes. So, you have public servants whose only merit is to comply with processes.

Quote: The interpretation I have about this -- now there may be weaknesses in processes but even if there were no weaknesses in processes there would still be weaknesses in management. Processes are organized ways to support the manager in doing his or her job. But, you've got to have a manager. So a process is only there to help -- the process doesn't make things. So I'm not too concerned about weak processes if you have a strong manager. Maybe a strong manager does not need as much support.

Quote: It seems to me that the evidence that systems are not being implemented is pretty weak, in my judgement. Because it presupposes that these systems are viable and useful, but we have no assurance on that.

Quote: Indeed our argument was you pick the simplest system that will do the job -- the simplest most adaptable structure. So if a guy likes to read he can do more reading and if he doesn't like to read he doesn't have to. See, keep it at that level so that you don't end up risking creating an organism that starts living a life of its own, because then ultimately it is discredited. I've seen MBO operations working well and working poorly. They work well when they are not taken too seriously in some sense or when it is recognized that the essential

thing in an MBO system is the communications that occur -- not the paper work. And where the paper work becomes an end in itself it becomes counter-productive.

III. WHAT ARE THE CONSTRAINTS THAT INHIBIT MANAGERS FROM ACHIEVING VALUE FOR MONEY AND WHAT IS THE RAISON D'ETRE OF SUCH CONSTRAINTS?

In our discussions with Senior Executives we repeatedly encountered the question: what is that, a constraint? There was a wide variety of views. Yet they all reduced to the striking answer that the definition of a constraint depends largely on the outlook, on the value system of the manager. Many Executives found it entirely acceptable that the Merit Principle for example or the Equal Opportunities Program slowed down the task of program delivery, or made it more expensive. They felt this was the price that had to be paid for having an "equitable, fair and just Public Service".

Other managers -- those primarily concerned with getting their immediate job done -- were claiming that such ideals are a luxury that should not be tolerated, particularly during the current climate of deficits and cutbacks. People distant from operations and people involved in creating rules tended to tolerate and excuse constraints. Operating managers tended to ridicule and vilify them. Put in other words: Those who have to deal with constraints don't like them; those who like them don't have to deal with them.

There was consonance on one aspect, though. All Executives resented the criticisms of reviewers, evaluators and auditors when these criticisms blamed management on the one hand for not managing at least cost, while on the other hand ignoring the constraints that obstruct management at least cost.

Senior Executives who thought constraints were a major problem mentioned specific ones mainly in the areas of finance and personnel. Many insisted that central agencies and specialist staff groups knew little about the impact of their regulations in terms of value for money and that there was no feedback mechanism to determine if regulations were having their desired effects or they were in fact counter-productive.

Some Deputies and ADMs believed that constraints were a natural outcome of public sector management because governments pursue a wide variety of objectives, seek to prevent abuses, and want to minimize embarrassment. This group argued that the regulations may often be inefficient or even counter-productive in some cases, but that it is very difficult to do without them. Another group thought that any manager "worth his salt" would not have problems with constraints, i.e., he would know how to "deal with them".

A constraint, then, is something a manager experiences as an unnecessary obstacle, something that obstructs the achievement of objectives he considers important. Also, Executives did not clearly agree that there are "too many" constraints. Most held the view that some constraints are inevitable in a large bureaucracy. There was a line of reasoning emerging however on which there was virtual unanimity:

1. The cost of present regulations is too high. It is thought to represent no less than 20 to 30 per cent in unnecessary overhead.
2. The origin of regulations does not lie with the managers. Rules are imposed on them by central agencies and specialist staff groups.
3. Consequently, when evaluations and audits point out inefficiencies or "lack of due regard for value for money", managers resent the implication that they are blameworthy for something in which they have no choice.
4. The savings that are achieved through regulations by preventing waste and abuse may in fact be outweighed by their costs -- not only the costs of developing and administering them, but also the costs of sometimes preventing quick response, flexibility and adaptation. The trouble is: no one knows the true cost of regulations in these terms.
5. A thoughtful and thorough critical evaluation should be made to determine the full costs and consequences of regulations. It should be done both in terms of gains and of losses. That is to say, it should take into account the

costs of developing and administering regulations; it should take into account the positive effects of not doing bad things (regulations discourage errors of commission); and it should take into account the negative effects of not doing good things (regulations encourage errors of omission). During the normal course of events only the benefits of preventing bad things are being considered.

6. In any case, whenever possible, rigid rules should be avoided in favour of pliable guidelines so that managers are encouraged to exert more discretion, more flexibility and more adaptation in specific situations.

A. Ambivalence: Too many Constraints or not?

Quote: At present there are too many rules in various areas such as personnel, finance and administration. You can prove they prevent costs, but the loss in terms of productivity which is never mentioned is so much greater. The loss of the productivity that we all suffer is not evident publicly. If you didn't have the rules you would have fewer constraints but it would be more politically embarrassing. And my view is that it's just too bad. If you have good managers you have to let them manage and take some risks.

Quote: When I joined the government service more than thirty years ago, the DM had no say in appointments whatever. They were all made by the Civil Service Commission. The Comptroller of the Treasury was the government's internal auditor and pre-audited every expenditure. In the early days, every telephone in government had to be approved by Treasury Board Ministers. We had very little overhead structure in the departments because most rules were made and applied by the Centre. And yet, we had accomplishment and a sense of pride and worth. No one ever mentioned the need for accountability structures. Today, the Central Agencies have increased both in size and in number. In addition, we have large staff groups in departments. And yet the

slogan of the day is: "More accountability is needed". I am startled by the number of people that are occupied checking up on others.

Quote: How the hell are you going to judge a good manager? If he's a good manager what has he got to manage? He's got money, he's got people he's got facilities, etc. But in terms of these areas he often has little to say. In terms of capital fixtures he has nothing to say.

Quote: I've got a very uncomfortable feeling that in certain areas today we are actually, without wishing to be or intending to be, promoting a whole industry which in effect represents more regulations and I think we ought to be sure that it is turning out to be resulting in greater efficiency.

Quote: I realize that there is an enormous frustration within the public service with central agencies. There is frustration with the kinds of demands that central agencies are making upon the managers for information and for measurement and reporting. However this cannot be helped. The central agencies -- and I am speaking for myself -- need this information to make sensible decisions, forecasts and plans. Now the policies that emanate from central agencies should not be blindly applied and implemented without due regard for specific situations. I have repeatedly emphasized that it is necessary to customize and tailor-make policies for departments.

Quote: The criticism and contempt which managers accord constraints emanating from central agencies and staff groups is a measure of the singular lack of insight into human nature with which such systems are being developed and imposed. Such constraints might be likened to a set of aircraft controls that have been designed without a human pilot in mind. They require three feet and a set of eyes at the back of the head. When the human pilot is unable to fly the thing successfully, he is said to have serious weaknesses. If he continues to have difficulty,

it is said that his weaknesses are persistent and that more stringent scrutiny and control structures are required.

Quote: I'm very much aware of constraints. The first real constraint is the very short time frame for planning in government. I have never encountered a government in all my experience that has a planning time horizon greater than two years. This is reinforced by the lack of continuity of senior direction.

Quote: The top managers in the federal government now have tremendous flexibility to operate in the personnel field. I see no constraint to doing good career planning in my Department. With the new system I can rotate people much more freely, but below the EX level -- that's another story.

Quote: Any senior manager who tells you that the problem with his quality of performance is the constraints re appointing good people is confessing his incompetence. If you give me a DG who, after three years on the job, tells you he can't accomplish what he needs to accomplish under the present system, give me his name because he will be dismissed on grounds of incompetence.

Quote: I have told my line managers that they will ignore the advice of the personnel and finance people at their peril and that they should consult with them at all times. However, it is your choice. You should feel absolutely responsible for your operation and if you want to deviate from those guidelines given by finance and personnel, then you're accountable. But if I find that in making those exceptions you are correct in doing so, then I am accountable for it and I will support you. I distinguish very clearly between my line managers and my functional specialists. My line managers are accountable to the minister through me, not through functional specialists. Staff specialists provide compulsory advice but the line manager is accountable to me in the judgement he makes. You can figure out what you can change and

what you can't change. I accept full accountability for what the line operations in this Department do. The corollary to my being able to hold my line managers directly accountable to me makes them feel that they can use their own individual judgement even in the case of dealing with central agency guidelines. If they take a decision that is against the advice of the central agency function then that is brought to my attention. Any Deputy Minister or Senior Executive who allows his managers underneath him to be penalized because they take an initiative which results in some disturbances with central agencies is not a good manager. But I'm not saying that this is not the case in many departments and that this may not be the route to success for most Executives.

B. Origins of Constraints: Central Agencies

Quote: The government must be seen to be fair. The fact that our staffing system can be proven as being grossly inefficient -- that may be a perfectly acceptable cost in order to be seen to be fair. So anybody coming and saying, my God, it's taken six months to staff a position: that's the price you pay for being government.

Quote: So every time something goes wrong, there's another regulation to cover another possible eventuality. What they did each time they had a problem is that they issued a general regulation and from now on that's what you do. Now what kept the system going is the fact that the managers 75 per cent of them were a long way from Ottawa and they thought it was crap and they ignored it.

Quote: In order to make a private bottom line you have to control everything from product development to the final sale. That's not perceived by the politician in terms of the public service. He does not see control of policy, of program development and of activities as a continuum. Having made the policy announcement, the politician has done his job. So, as a Minister how the hell do you protect yourself if you are not

going to, on a day-to-day basis, get involved in the administration of the Department? Because you do want things to go right and you do want to get re-elected. After all, it is a government that gets re-elected, not a particular Minister, and it is the government that gets embarrassed if there is a problem with travel or educational leave or spending controls. The answer is you set up a body of rules.

Quote: Now all that may sound very good and I may sound very happy. But I repeat: most of the time it drives me nuts. If anything could drive me out of the public service, it is those rules. But there is no sense complaining about it unless you have a proposition to put on the table which satisfies those other criteria. And if you can't then you've got to deal with what you've got.

Quote: So there you have a politician and his reality. To ensure a level of behaviour that is acceptable to the public has very little to do with good administration. From that point of view value for money is a bunch of crap. Because you're not going to get value for money through generalized rules, almost by definition. You have defeated yourself before you begin because no two situations are the same.

Quote: The custom where the Minister has to stand up in the House and take accountability for administering actions six levels down is a terrible thing. I have seen some Ministers almost crying and saying: I don't have to do that, do I? And the answer always is: You sure do. That's the system. In the British system administrative questions are not reported to the full House and are not pursued by the House. They are pursued by the Public Accounts Committee as part of Parliament with no publicity. In Canada, the PAC is our best committee, but it's not like the British.

Quote: Business doesn't have a universal set of rules at all. They have "practices" which are manageable. They have been put in place, but they are tailor made to the situation. We follow practices tailored to

the public service and to public perception. They are not made to be cost-effective but we are forced to follow them. You can always go for an exception, but this is a very tedious process. It would cost me a lot of time to get permission and I have other things to do. The interesting point is that people apply a general rule because it takes too much effort to do otherwise. It is also easier for me as a DM to get an exception than for my Assistant Deputy Minister of Finance. And the clerk doesn't get any exceptions at all. Exceptions drift upwards from their point of origin because TB submissions require my signature. So, it is not an easy process to obtain an exemption from a generalized rule.

Quote: The exquisite refinement of the overall field of human rights into a multitude of rights seekers and rights protectors has been a major development in the past 10 years and is a principal growth industry in Ottawa. Rights have become a major preoccupation of public administration. As rights become entrenched, instruments and mechanisms are put into place to support them.

Quote: There is a process of adversarial negotiation between the control agencies and the delivery people and that of course manifests itself in a thousand ways, creates intense aggravation on the part of the operating departments because they feel that they're being intruded upon, that their professional latitude is impaired -- nobody likes that -- that the rather mindless autocratic and arrogant people who are not familiar with their operations are interfering and taking decisions which impair their accountability, and that is a very serious problem. On the other hand if you view it from the central agency standpoint and you see all the irresponsible crap that is rampant in the submissions you would ask why it is not a good idea to strictly regulate them and take their latitude away because they cannot be trusted to discharge it responsibly. I mean all of these viewpoints exist and all of them have merit some of the time. So therefore unless you know all

of them in the way in which they occur globally and collectively, you can't assess the legitimacy of the damned thing.

Quote: Part of this tremendous bureaucratic overlay of attempts to achieve degrees of uniformity and control is that if you were to allow total leeway you'd probably get tremendous variations and very likely God awful political troubles for the government because you just don't have any ready way for achieving discipline.

Quote: First of all, what happens if anyone ever questions one of those regulations that come down? He's treated as a maverick. But then I put to you, is the system geared to handle that type of question? What happens if all of a sudden this type of challenging -- constructive challenging -- came back to the centre, to the Treasury Board, what would happen? I can paint a scenario and tell you that challenging has come back and it just led to one big case of frustration and therefore the people say (expletive deleted) it.

Quote: The central agency really develops its own organizational culture. Now you're dealing too with not just kind of political officials but you're dealing with career people and there's a matter of training and socialization. They routinize their function and centralize their activities and achieve enormous power by maintaining bilateral and strictly autocratic relationships with departments. They standarize because if you start conceiving special cases you have lost it all.

Quote: Since one of the prevalent driving forces among public administrators is the urge to tell others how to run their business, or to run their business for them, we are witnessing the phenomenon of the creeping mandates, a phenomenon in which organisms set up to perform a specific and limited function gradually extend their authority over functions that properly belong to others. One type consists of the inclination of central agencies with narrow mandates and professional skills to drape themselves with the mantle of experts in public

administration. Instead of having one camel in his tent, namely the Treasury Board Secretariat, the Deputy of a department now has to live with three or four camels. There is very little room left in the managerial tent for its principal occupant.

Quote: Middle managers are required to follow the rules laid down by central agencies in matters of administration, rules that are applied and policed by departmental agents representing the various administrative specialities, personnel, finance, accommodation, purchasing, supply and so on. The world beset by rules ... constitutes one solitude. There is a second system in operation and that is the one in effect for the power-brokers among top officials who can, by a series of phone calls to their counterparts in central service and control agencies, achieve quick results in ways that are denied to subordinates. This is the second solitude.

Quote: The hiatus between these two solitudes is aggravated by Janus-headed managers of administrative specialities in departments who insist on conformance with procedures by middle managers, yet participate with deputy heads in finding ways to get around the rules in matters of direct interest to deputy heads. Accustomed to short-circuiting the prescribed rules, it is very hard for deputy heads to appreciate the burden that the conformance with those rules places upon their subordinates.

Quote: In theory the DM is severely handicapped by central rules and directives. In practice, he can live with them quite comfortably.

Quote: It's true that private sector companies are diverse and they can make individualized tailor-made rules. But in the public sector, there is still one Cabinet, one Party that is in power and one election. We cannot apply tailor-made rules in government. You can't give Agriculture separate rules because the public wouldn't allow it anymore than it

would allow the Department of Fisheries to have its own separate rules.

Quote: Last week the public and the press would be infuriated about first class travel. So this week we do away with first class travel. Next week they are infuriated about something else. We add another rule to take care of it. So in time, we do away even with our training program -- just because the public is infuriated. But note that this has nothing to do with cost-effectiveness. And each time we try to manage sensibly somebody is hanging us from a lamp post and is able to impose another rule. But we cannot apply these rules selectively to one Department and not another, so you are stuck with a general rule.

C. Origins of Constraints: Overhead Staff Groups

Quote: I have about 237 person-years in the organization in personnel and administration and a lot more in finance. And they are there because I have to have very heavy management systems in order to serve the central agencies. But they are largely overhead and the costs of this overhead are much too large.

Quote: I am aware of the widespread view that there is substantially excess overhead in most government departments. I am also aware of the cause of that overhead and that is Treasury Board and also the Public Service Commission regulations I have imposed upon me -- equal opportunities, official languages, freedom of information, merit principle or system -- all that sort of thing. But some of these burdens are not that much different from what would be imposed on the chief operating officer of a company. Yet I am definitely required to carry excess staff to cover this burden. So I have to carry some extra staff. But as long as my holding company is willing to fund this excess of perhaps 30 per cent, I am prepared to carry on. If they are willing to pay for it to meet central agency requirements, then I'm willing to accept that additional cost. The fact that it is in my organization is

not my problem. I am quite willing to run with the extra cost just to fill out paper work and meet central agency requirements. But I'd be quite willing to get rid of that 30 per cent tomorrow.

Quote: The support staff has increased and the output has come down. More and more of the productive staff has to spend time dealing with administrative overload.

Quote: There are dozens and dozens of audits going on in our department, and they all say the same things. Because of over-auditing, audits become a big "ho-hum". They become completely meaningless. And the only way to get rid of the auditors is to lie. So that's what we do. I don't even bother to read audit reports anymore. We are saying that we are accepting your recommendations and observations and that we are going to implement them. And two or three months later we are sending them a memorandum saying we've done it all. That gets rid of them for the next three or four years. It's based on complete cynicism of the whole system.

Quote: I mean I have to regard the Envelope system as nothing more or less than another functional emphasis designed to bring in professionalism. But what it does, it takes more overhead, it takes more people and it creates the dead hand and dead weight and I think this is something that creates the impression that we have too much government, too many bureaucrats, too much regulation and too many problems.

Quote: Departmental staff groups are often even more zealous in rule-making and controlling than the Central Agencies. Recently I was asked to sign an approval for a \$1.40 expenditure. The document already had two approval signatures on it.

Quote: The manager is expected to be grateful to his staff specialist for helping to untangle the maze of regulations that must be satisfied

before something can be done. Yet the staff specialist is the one who helped create the maze in the first place.

Quote: It depends on the Deputy, you know. If he needs to be in the good book of the Treasury Board, he will set up and support strong internal staff groups not only to satisfy, but to exceed central regulations.

IV. IF YOU WERE KING OF THE PUBLIC SERVICE WHAT CHANGES WOULD YOU MAKE TO IMPROVE MANAGEMENT?

The responses to this question ranged from relatively specific changes such as allowing vote netting or revenue dependency to major changes in the accountability relationships and the number of constraints in government. Many Deputies, ADMs and DGs felt that a lot of initiatives could be taken to improve management. The general view was, however, that there was no one magic solution to the "problem" but rather what was required was a deliberate effort to initiate experimental changes and to establish a better management environment in the federal government. The emphasis was on gradual change, on incrementalism, on evolution rather than revolution.

A. Provide Departments With More Authority and Make Them Accountable.

Quote: I think you could build an overall sort of environment in government that is different so that managers can manage and know that they will be held accountable.

Quote: Deputies must be given more real authority over the administrative and financial aspects of their departments than they have now. But this authority must be such as to ensure that they will submit their stewardship to regular examination and audit. What is needed is a way in which the Deputy's performance can be looked at periodically on a regular basis in a sufficiently detailed and comprehensive fashion to permit a soundly-based appraisal of the Deputy's performance.

Quote: If I had to change the government system, I would have a simpler central system and I would make departments almost independent organizations -- like Crown corporations. I would make them almost independent and choose the right people at the top. I would put a lot of importance on the forming of management teams for the

departments. I believe that people in the public service are good people. ... they will try to do their best.

Quote: The more responsibility you give to somebody, the more freedom to meet objectives he has, the more accountable he has to be because that's control in a way; otherwise it is not his own business, so accountability is not there.

Quote: I believe that people in the public service are good people. They want to work. They want to do a good job. Managers want the same. And if we could make them realize that it's more their own business -- that what they are doing is like their own business, they will do their best.

Quote: If you increase responsibility or authority -- having departments more independent -- if you simplify the systems as much as you can, then it will be easier for managers to manage.

B. Increase Positive Incentives; diminish Negative ones

Quote: If we change, for instance the vote system and we have continuing votes so that the managers who save money can transfer it to next year to their allocation ... that would be an incentive. I would say the vote system is too rigid. I don't know how the Auditor General would react to that. He is against probably continuing votes because Parliament loses some control.

Quote: You have parts of the public service working on revolving funds. I would give the guys no constraints or the minimum necessary. When you have peaks, you hire, when you have valid reasons, you fire and lay off. So then you can control your own resources.

Quote: We've got to do a whole lot of things. I think if I were to do something first I would look at this problem of the annual financial process. It

adds up to frustration on the part of the manager who every year is asked what do you want and then goes forward with a proposal and then you get all this argumentation all the way up. It's just unproductive and it's been unproductive for the last decade.

Quote: We should do full costing of government services just to lay the groundwork for legitimate comparisons with the market. What are the unit costs of some of these programs? So much of the problem requires the rolling up of full cost and so much of the accounting structure isn't here to do it. Western democracies have monopolized all their key delivery systems and they have been very successful at obscuring full costs. For example, in the field of transportation -- trains or planes -- everybody is subsidized, but nobody knows how much.

Quote: If managers could earn revenue and keep it and apply it to their jobs and their tasks rather than having to give it to the Consolidated Revenue Fund. Right. Now over one third of the organizations in the federal government could probably use vote netting in this way.

Quote: A very simple change such as placing funds that "lapse" at the end of the year into a TRA fund (Taxpayers Rebate Account) could do wonders to the stigma of not being able to spend your budget. It could change it into a positive thing to be able to send money back to the taxpayer.

Quote: It is only if real rewards in terms of salaries, promotions etc. are given to officers who excel in sound, rigorous financial and administrative practices, and not primarily to the imaginative spenders and creators of programs, that we will bring about a well managed public service.

C. Use Guidelines and Tailor-Made Rules Instead of Universal Detailed Regulations

Quote: I think the answer is that the rules do not have to be as detailed as numbers one and two. I think you have to change the reward system to allow a good manager to be identified. And by a good manager I mean results are identified, not process. The system is generally such that an individual who is extremely creative in achieving results will not be rewarded.

Quote: You're asking about the strategy for solving it and my first reaction is that you should trust a person's integrity -- use guidelines instead of controls as much as you can.

Quote: We have decided to undertake a universal program to solve a perceived universal ill when in fact it isn't a universal ill. And I guess one of the things I would like to suggest is that whenever a fix is needed, it be fixed selectively rather than universally.

Quote: The Public Service Employment Act could be changed and so could the Financial Administration Act. There must be ways that you could change the Financial Administration Act so as to encourage lapsing funds at the end of the year instead of the opposite. There must be ways that you could provide continuity of tenure without encouraging invidious bad performance on the part of public servants. There must be ways to protect the well-being of public servants without denying the manager disciplinary rights that are required in order to maintain the most minimal discipline ... Don't tell me that these things cannot be done. They require great courage and great strength of character but we can do it. The point is that we have not found people willing to exercise the muscle ...

D. Clarify DMs' and Executives' Accountability

- Quote: The Prime Minister or the Clerk of the Privy Council Office might write a letter or an appendix to a job description in which they describe and emphasize specific things that they wish to see accomplished in the Department over the next two or three years. That is to say, there should be a letter of guidance. Such a letter might be approved by the Cabinet. This would at least make it clear what I am accountable for.
- Quote: What we should do is have a system that emphasizes goal setting and emphasizes the appraisal of results and it is on that that the manager should be judged. And if he is unable to perform then he should be downgraded or we should be able to get rid of him. On the other hand we should be able to reward the ones that manage well and perform outstandingly. It would require a change in the Public Service Employment Act to permit us to fire people for non-performance rather than just for cause or whatever the phrase is in there.
- Quote: What is needed is a way in which the Deputy's performance can be looked at periodically, on a regular basis, in a sufficiently detailed and comprehensive fashion to permit a soundly-based appraisal of the Deputy's performance.
- Quote: If you view your objective as being to minimize the number of questions about your operation you will certainly behave in a certain fashion. But for me the bottom line is very simple. I am prepared to have my performance judged on my net contribution to the Department and my subordinates on their net contribution to the Department. I would much rather have an officer who makes some mistakes doing a hell of a good job than an officer who makes no mistakes and does a crappy job. There are limits though. There are two important limits. The structure of law ... and I insist that my line managers view themselves as servants of the Government of Canada

and recognize the array of pressures and considerations that are involved in the Government of Canada.

E. Develop Public Service Managers

Quote: To me the basic weakness is not the system anymore. For a while I agreed that the Auditor General was quite right that the emphasis was to develop new programs of scrutiny and control because due regard was not given to the internal management machine. I think that this is a good trend and it should continue, but it is not the answer. The answer to me is the identification of what our management group is and to define how we are going to get our people to get this bag of expertise and skills and attitudes that will make them effective public service managers.

Quote: I think we can improve our management systems, but I think we've established the infrastructure to be able to operate well. We can improve our management information systems and so on -- we need now, however, to concentrate on the individual manager and show that we're concerned about allowing the individual manager to operate effectively.

Quote: I think that incremental changes can take place, in terms of building trained managers and a tradition of service which we have undermined in recent years largely because it has grown so rapidly. And with those two in mind and a bit of program stability you could then hope to move over more to post audit and away from detailed preventive controls.

Quote: The problem is essentially that we don't have the trained people that you can leave on the bridge. You watch them much too closely. They never learn on that basis and by the time they have learned, they're off to somewhere else and you're off to somewhere else. I think that incremental improvements can be made in terms of building trained

officers so that you have a certain minimum level of competence in the guy you happen to have in the job.

Quote: There is a tendency in government to put on a lot of constraints but that is the nature of the beast. I don't think we have reached the stage where a manager has got his hands totally tied. I think we tend to over-react to those things and put too much emphasis on constraints -- like we don't have enough flexibility or we've got a staffing system that is cumbersome. That's where training in the public service environment becomes critically important. One weakness that we have with a lot of our managers is that they have not been prepared sufficiently for that kind of environment. We must somehow get them to feel comfortable ... in being able to operate with it. And that is where managerial training becomes extremely important.

Quote: Most managers of my generation have for most of their career managed in periods of growth, expansion and free spending. They are having an awful time to invent techniques that allow them to manage successfully in the present period of restraint and retrenchment. We need more training in that area.

F. Reduce the Size of Departments and Administrative Units

Quote: There's a constant approach in government to create Cadillac systems which are very huge. The alternative of course is to cut these things down and digest them in chewable chunks so as to accomplish things.

Quote: Systems work best when you have some internal cohesiveness within an organization, a common interest and purpose. We had that in the public service in the sixties together with a sense of dedication and stewardship of resources. Since then the system has gradually broken down and the public service now operates largely on a sense of expediency. Systems cannot compensate for the basic integrity of

managers. This is something that is now in very short supply among senior executives in government. Systems and rules can always be manipulated, or can be followed religiously to a point which brings the bureaucracy to a standstill. Until you deal with the basic question of ensuring some cohesion within the public service and a sense of purpose and integrity, expediency will rule the day and value for money will be accorded a place very low on the totem pole of management concerns. There may be problems in moving back to the point where we were in the sixties, but we should look at it.

G. Increase Dialogue and Feedback Between Departments and Central Agencies and Analyse Constraints

Quote: First of all you have to start with the types of people you have in those central authorities who must appreciate how management works. Instead you bring in hotshots right out of their MBA programs with no business experience, no management experience. The people issuing those guidelines and regulations have the least experience in government.

Quote: Increase the countervailing forces to ever-expanding rules and regulation: set up a DM committee in Treasury Board to review the cost implications of proposed regulations and to monitor their impact on management; and develop parallel committees in Departments to advise the DM and to give operating managers a chance to voice their concerns.

Quote: Use internal audit to do analyses of overhead and of the effects of constraints on management, on productivity and on performance.

Quote: Undertake specific studies of areas of constraints such as staffing and classification.

Quote: There is no "one solution". I am an incrementalist by nature. You have to chip away at the problem. You need a "steady hand" that will over a period of years take a hard look at some of these constraints and develop intelligent ways out of the dilemma that we are faced with.

Quote: The benefits of regulations are said to be that they prevent waste and abuse. Yet whatever they prevent may be outweighed by what they cost. There is the cost of making the rules and the cost of administering them. There is also the cost of resulting bureaucratic actions that are sometimes unresponsive and inflexible, even absurd. But the only things we ever hear about are the alleged benefits of constraints. No one knows their true costs. Somebody should examine the constraints and make their full impact visible.

V. WHAT ROLE DO YOU THINK THE AUDITOR GENERAL COULD PLAY TO HELP IMPROVE MANAGEMENT IN THE PUBLIC SERVICE AND IS THERE ANYTHING SPECIFIC YOU WOULD RECOMMEND IN TERMS OF THE WAY THE AG CARRIES OUT ITS FUNCTION?

There was unanimity that the function of financial attest and authority audit is crucial and that the Auditor General is essential in carrying it out. With respect to management issues and value-for-money auditing there was less consonance. But there was still consensus on a number of issues:

1. that the AG does indeed have a role and obligation to comment on questions relating to excessive overhead, the value-for-money implications of constraints, and the costs of control, regulations and even his own recommendations;
2. that the AG could be much more effective in serving the country if he would recognize and report not only shortcomings, but also the difficulties managers face, as well as positive achievements;
3. that the results of this survey should definitely be published either as a separate report or as part of a chapter in order to encourage discussion.

Quote: It would be very valuable if the Auditor General would not only publish the shortcomings and inadequacies he finds in the public service but also those things that he finds well done. At present the Auditor General is seen as a watchdog. He notes only negative things and raps fingers. The image is that the government is just wasting money and there is no improvement whatsoever.

Quote: A friend in business told me he views the AG's reports with a combination of revulsion and dismay, that they confirm his worst opinions about the public service.

Quote: I think the Auditor General plays a very useful function in making assertions about the quality of management but I never want to put it to a test to substantiate those assertions. Having said there are difficulties in assessing the quality of management, the thing to do is to look at the constraints that make the process of management more difficult and why even with a good quality manager you end up with lower-quality results. Because if it was simply a matter of inferior managers you could bring them in, bring in new ones and replace them. With constraints built into the system that means that even with a first rate manager you are going to get second rate results -- you've got a real problem.

Quote: I wouldn't be in the AG's shoes for all the tea in China. I wouldn't have taken the job. For one thing, if the AG blows his nose, all the newspapers pick it up and say the AG's got a cold, I wonder if the government's sick.

Quote: Audits tend to downgrade spontaneity and increase management control. Planning basically drives out innovation. If you plan everything with a lot of detail you drive out the slack in an organization, and you don't have innovation without slack in an organization.

Quote: I welcome you here today. It's the first time I've seen implicit recognition that you're understanding that all problems are not identifiable with supportable evidence. And yet one has to manage notwithstanding the conditions of uncertainty.

Quote: I think that the years of shocking everybody with the woes of mismanagement are over. I think that they were exaggerated anyway in the mid-seventies but there was some truth to them. The Auditor General probably had no other choice but to shock. But I think the AG could certainly be more effective right now if he started to make some serious attempts to understand the context in which the public

service manager is operating and in terms of his auditing the multitude of constraints the manager faces. That is not to say that he should not be very rigorous in looking at how the systems are but at the same time he should look at the kind of environment that affects the manager. But I am not sure that I see any signs of that yet.

Quote: As a result of the Auditor General's reports from 1975 on you've got to ask yourself what has been achieved in terms of reductions in expenditures. What I think has been achieved is that there has been more and more overhead in the public service. You've got the Office of the Comptroller General -- even the Office of the Auditor General has grown tremendously -- in addition to the Treasury Board Secretariat.

Quote: Each department has a larger financial group, they have larger audit groups and evaluation groups and strategic planning groups and whatever other systems in place. So, I think overhead in the public service has grown tremendously. And you still come out and you say, we have some worries about the individual manager -- is he able to do it? You've thrown a big infrastructure around the manager but you have not looked at the manager and said, what should we do with that person in order to make him more effective?

Quote: I don't really agree with value-for-money auditing, although I think that auditing for probity and prudence and financial expenditures is very important. When you're managing, it's your opinion or your judgement and that is impossible to audit. As soon as you get into the question of judging value for money then you're into a situation where you have basically no criteria, no standards to judge against.

Quote: If there was a shift in emphasis towards the removal of impediments on managers -- helping managers overcome things that interfered with their jobs -- that would be a help. For example you could look at why it takes so much time to recruit somebody into a job and find out why

you have to follow so many procedures and see why they are necessary.

Quote: What are you going to do with all this when you have finished the survey? I think it would be very important to make the results widely known so that there can be general discussion of the problems and of possible solutions.

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